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AGENDA ITEM 6

TO: THE MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** Status of Contracting Agency Enrollment and Marketing Efforts
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS**

Background

In 2006, the Office of Employer and Member Health Services, Public Agency and Schools Unit defined a new marketing and retention strategy. This effort included a review of the current practices for attracting and retaining public agencies to the CalPERS Health Benefits Program, while developing and designing alternative marketing plans. Public agencies and schools represent approximately 40% of the CalPERS Health Benefit Program risk pool.

The new campaign strategy focuses on a proactive and engaged employer customer service model, which includes the following activities:

- Improve customer service to existing agencies through personal account management including direct customer contact and site visits;
- Increase leverage of existing opportunities to market the CalPERS Health Benefits Program through Health Fairs, the CalPERS Educational Forum, and local government conferences;
- Partner with the CalPERS Health Plans to develop and execute acquisition and retention strategies;
- Meet with public employers, labor organizations, associations and retiree groups throughout the state;

- Prepare CalPERS Health Benefits Program articles for various newsletters, including but not limited to, the *CalPERS Employer News*, *PERSpectives*, etc.

Public Agency Participation and Termination

As a direct result of staff efforts in 2006 (discussed below), the 2007 calendar year will see the Public Agency and Schools program experience the highest retention level of the past several years. We will retain over 99% of the agencies subscribed in 2006, losing 9 agencies representing 1,568 Total Covered Lives (TCLs). In calendar year 2007, the program will cover 1,138 public agencies and school employers.

Of the 9 agencies ending their participation in the CalPERS Health Benefits Program on January 1, 2007, 7 are located in Northern California and 2 in Southern California. The departing agencies cited a variety of reasons for leaving, including premium cost, retiree cost, access to providers, and benefit flexibility.

Staff is noting a potential trend developing in the loss of fire protection districts:

- In 2006, 8 of 21 agencies terminating participation were fire districts
- In 2007, 4 of the 9 agencies that will be terminating participation are fire districts

We will continue to monitor this situation in the future and work with appropriate constituent groups and employers to evaluate it.

Staff's recruitment efforts were also very successful this past year. We established new contracts which went into effect during calendar year 2006, with 17 public agencies representing 3,395 TCLs. Twelve of these agencies are located in Northern California and 5 are located Southern California. Please refer to Attachment 1 for detailed information.

In addition, CalPERS staff recruited the largest public agency to join our program over the past five years. Effective January 1, 2007, the Los Angeles County Office of Education (LACOE) will bring in 9,000 active employee TCLs and potentially 2,500 retiree TCLs. If all eligible individuals and dependents enroll, the CalPERS Health Benefits Program will gain some 11,500 TCLs.

We have provided comparative data for the 2004 and 2005 calendar years on Attachments 2 and 3. Attachment 4 provides a comparative summary over the past three years of new and terminating agency activity and TCL net gain/loss.

2006 and Future Marketing Efforts

During 2006, a number of first time marketing activities contributed to this year's high retention success. Examples include:

- Rate Seminars – In July 2006, Health Benefits staff, Regional Office staff, and Health Plan Partners, conducted 13 rate renewal presentation sessions to over 300 representatives from 216 CalPERS contracting agencies. Staff presented the approved 2007 health plan rate package and provided an overview of the key cost-drivers and challenges of today's health care environment.
- Retention Seminars - Health Benefits staff and the Health Plan Partners conducted retention seminars for several "at risk" agencies that were considering leaving the CalPERS Health Benefits Program. All agencies contacted elected to remain in the program, retaining 3,706 TCLs.
- Employer Outreach - Public Agency and Schools staff implemented a proactive employer outreach assistance program to improve customer service and relations. Staff made over 950 outreach calls to employers over a 4 month period. Along with positive feedback from agencies during this outreach effort, 3 agencies indicated that they decided to renew with the CalPERS Health Benefits Program for 2007, retaining an additional 1,028 TCLs.

Staff will continue to engage in employer outreach and assistance programs designed to promote the growth of the CalPERS Health Benefits Program during the remainder of 2006 and for 2007. The Public Agency Marketing Unit will focus on several avenues to increase program visibility:

- CalPERS Employer Education Forum – For the first time, the Health Benefits Program had a significant presence at the 2006 Forum:
 1. Staff conducted workshops providing an overview of the CalPERS Health Benefits Program, employer support activities and tools and CalPERS Board initiatives and challenges in providing a high-quality, competitively priced health care program to our members;
 2. The medical directors from each of our health plans chaired a roundtable discussion about CalPERS Disease Management Initiatives;
 3. Health Benefits had two health exhibits: "More Than the Premium" and the M*A*S*H* (Medical Agency Support Help) unit. The "More Than the Premium" display provided information on the specific benefits of CalPERS Health Benefits

Program membership. The M*A*S*H* unit provided demonstrations of the online employer tools and CalPERS staff and Health Plan representatives were available to assist employers with questions about the CalPERS Health Benefits Program.

- Employer Education and Communication seminars – Staff will host employer outreach seminars in early 2007 to promote the CalPERS Health Benefits Program. This will allow staff an opportunity to communicate to public agencies the CalPERS Board's vision for health care for the upcoming year. This engage public agencies in a dialogue about the CalPERS Health Benefits Program, its future and the challenges we see ahead.
- Rate seminars – Public Agency staff along with our Health Plan Partners will provide rate seminars after the 2008 rate package is approved by the Board (June 2007 timeframe). Rate seminars held in 2006 were an unqualified success.
- CalPERS Educational Forum 2007 – The Health Benefits Program staff will begin development of a new program theme for the 2007 employer conference.

V. STRATEGIC PLAN

This item supports Strategic Plan Goal X and is part of the regular and ongoing workload of the Office of Employer and Member Health Services.

Goal X: Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.

VI. RESULTS/COST

There is no cost associated with this item.

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Attachments